

Seattle-King County Quarterly Economic Measures

Third Quarter, 2001

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Seattle - King County Area Quarterly Economic Measures Third Quarter, 2001

Executive Summary

Even though the national economy offered some signs that economic stability might be on the horizon, the local economy drifted into recession by the 3rd quarter of 2001. Then, the bottom fell out. The sudden and violent terrorist attacks in New York City and Washington, D.C. on September 11th, pushed our economy over the brink and into severe distress. Effects have cascaded throughout the national economy, with impacts felt even more strongly in Seattle than on average.

Current Conditions

“How much can one economy take?” That was the opening sentence of an article in the Wall Street Journal on October 17th about the distressed Northwest economy. Much of the regional damage is focused in Seattle.

A primary indicator of economic distress is the number of unemployed. Jobless claims numbers for the Seattle area had already drifted higher in the 2nd and 3rd quarters of 2001. Local unemployment rate ran more than one percentage points above the national average prior to September 11th. Then, in the one-month period after September 11th, they spiked upwards an additional 48%. This rate of increase compares to an average of 16% in Snohomish and Pierce Counties, an average of 15% throughout the Pacific Region states, and 10.8% nationally during the same period. (Supplemental tables and graphs are provided.)

Manufacturing sector losses do not include the announced plan by Boeing to layoff up to 30,000. Most of the layoffs will be in the commercial airline divisions; the production goals were cut in half for most commercial airline groups. Puget Sound will suffer the brunt of these job reductions. Boeing announced plans to layoff 8,000 in this area on December 14th. Sometime after the Thanksgiving holiday, a second round of layoffs will be announced, to take effect in January 2002.

In addition to the direct layoffs, Boeing’s downturn impacts a diverse group of suppliers and subcontractors in the Puget Sound, and consumer spending in Seattle-King County. The long-term income multiplier for Boeing is 1.5 and its employment multiplier is 2.5 in the state input-output tables.

Although it is not a complete list, there are numerous other layoff events listed in the attached tables. Just to give a few examples: Genie Industries let go 350 employees and

more are to follow; this is an example of the downturn that is cascading throughout the Construction, Architecture and Engineering cluster. Nordstrom released 250 office and thousands of retail store employees following a 9.4% decline in sales in September. In addition, employment remains soft in technology clusters, e.g., computer equipment companies, Internet companies, software companies, and related services, especially the marketing and communications group. Real Networks is one prominent name.

Low-income, non- or semi-skilled workers might be hurt the most, in that this is the nation's first recession post-welfare reform. Many former welfare recipients are in the workforce, but they are at risk of losing these entry-level jobs. Others are accessing the unemployment benefits system for the first time. Many may not know how to use the UE system, which can be a confusing tangle of rules. Worse, many do not have enough work history to qualify for unemployment, but, at the same time, they are being refused service by the Welfare Work First" system, because both systems are overburdened. Similarly, City Light's "Project Share," a low-income household assistance program for electricity costs, might become maxed-out.

In addition to the unemployment figures, numerous other statistics indicate distress. The types of statistics include less freight shipments, very high hotel vacancies, fewer home purchases, high vacancy rates in office lease space, lower tax revenues, and so on.

Why are effects felt so strongly in Seattle-King County? One answer is that the dominance of Boeing had helped to balance out the downturn in hi-tech over the previous nine months. Now the entire aerospace group, including Boeing, Alaska Airlines, the Port of Seattle, cargo and shipment companies, is suffering, and the effect on the Seattle-King County economy is crushing. Aerospace is an example of an industry cluster. Clusters are related groups of businesses that organize by type of activity and geography to enhance their combined competitiveness. Other clusters in Seattle-King County include telecommunications, software, film production, biotechnology, environmental services, health services, and producer services. Clusters enhance job growth and business success in a normal economy. In our current economy, the negative impacts are broadly felt, and newly emerging clusters can be strangled.

The cluster of producer services provides an example of how strength can become a weakness in times of economic distress. According to a study completed by the Central Puget Sound Economic Development District in 1990s, producer service jobs in Seattle-King County grew at six times the national rate for the past two decades. In other words, Seattle successfully exported marketing, design, communication, legal, and other services to the rest of the nation. Now that the entire national economy is in bad shape, the losses of the entire country become Seattle-King County's business losses. Our dependence on trade activity has created a similar impact. A third answer lies in the precipitous decline in tourism, travel, and convention activity. Hotel and restaurant unions report a 40% loss of employment, and Seattle-downtown hotels report vacancy rates below their 55% break-even point. Ironically, only the airport hotels have maintained higher occupancy rates; this might be due to the contracts with airlines for flight crew accommodations.

Small businesses have been especially hard hit. Prior to September 11th, earthquake damage, the spike in electricity rates, and the slowing economy caused cash shortages. Many companies addressed their capital needs by increasing their short-term borrowing. Now, rolling-over short-term notes is proving difficult and expensive. In Seattle and King County, small businesses make up at least 20% of total gross income and 25% of local business taxes.

Future Prospects

On the national stage, stock markets have regained most of the pre-September 11th levels. In the short-term at least, conditions for a partial bull market may take hold. The real strength of the markets will be tested in early February. This is when the 120-day post-trauma adjustment period ends; 120 days is a historically typical pattern of positive adjustment before a negative correction sets back in. The upsurge in consumer spending during October, due to the success of 0% financing on new cars and trucks, is another positive sign.

There are several factors that paint a more negative scenario: (1) more synchronicity in world markets; (2) uncertainty about the outcome of the war against terrorism and domestic security issues; and (3) continued debate in Congress over the Federal economic stimulus package.

Another general worry is that this current economic recession is more similar to the 1930s than to the 1980s or 1990s. The 1930s depression resulted from three types of economic collapse that occurred in the 1929 to 1931 period. First, there was an investment bubble. It was created when people thought that the rules of the old economy no longer applied, and, therefore, on the prospects of massive, hoped for growth, people rushed into a speculative frenzy that pushed prices higher than underlying values. When the bubble burst, prices plummeted, even though basic, productive capability remained strong. Second, there followed panic, defaults, and a credit crunch. Third, trade barriers prevented a larger, global economy from finding a natural level of equilibrium. In 2001, a speculative investment bubble has again burst, and banks have dramatically tightened credit lines and venture funding has been cut off. The current war situation may also create big impediments to cross-border trade.

Economists forecast that the Seattle-King County metropolitan area's recession will be "long and deep," even if the national recession is "short and shallow." The rate of unemployment in King County, currently at 5.5% (not seasonally adjusted) is expected to peak near 8% in 2002. As a result, both at the national and local levels, there is a need for strategic thinking and stimulus action that will help the economy rebound and patch up the economic safety net.

An overview of third quarter statistics is presented on the following pages. The current quarterly statistical tables, which are attached, include unemployment and unemployment claims data and graphs that extend through the first week of November.

The Nation

U.S. Economic Measures

During the third quarter of 2001 (July 1st through September 30th), GDP growth moved into negative territory (both inflation-adjusted and seasonally adjusted dollars), and the longest expansion on record is now history. On the positive side, the Consumer Price Index barely moved, and spending on equipment edged slightly upward. One impact on the CPI has been the drop in world oil prices, due to the emergence of Russia as a larger producer of crude oil in the wake of September 11th.

The Federal Reserve again moved aggressively by lowering interest rates to 2.50% nominal and 2.99% effective. More rate cuts happened after the end of the quarter (in October) and may still follow. Unfortunately, the ability of these rate cuts to impact the economy diminishes as the inflation-adjusted rate reaches zero. Furthermore, the cuts have not filtered down to businesses; banks have increased spreads and tightened credit requirements. On a technical note, the U.S. Treasury will discontinue 30-year bonds.

Industrial/Manufacturing Measures

Inventories were reduced for a third straight quarter, and they must now be hitting bottom. New orders continue down. Production and utilization rates fell slightly, despite the attempt by manufacturers to bolster these rates through labor reductions. These will be key measures to watch in the next two quarters.

Income Measures

Per capita disposable income increase from \$24,203 to \$24,880 in the second to third quarters, and per capita GDP decreased from \$33,646 to \$33,538.

The Region

Economic Activity

Seattle-King County area prices continued to occupy a higher level than either the Western states or the U.S. as a whole. Weighted toward the pre-September 11th period, new business starts increased, and bankruptcies decreased. Air and water-borne freight shipments and the number of airport passengers are down approximately 12% compared to the same period last year.

Convention Information

Despite a 30% increase in the number of events, the number of total room nights, night per event, and room taxes decreased significantly. However, sales and use taxes appear to still be on target with last year's totals.

Taxable Retail Sales¹

Detailed second and third quarter figures are not yet available, so this report reproduces the figures from the last quarterly report.

Employment

The rate of unemployment continued upward. Perhaps, the most troubling statistic is that King County lost 31,000 people from the labor force in the third quarter. A large number of these people will not show up in the unemployment rate, because they do not qualify for unemployment assistance. It is also important to note that these numbers do not include the announced layoffs at the Boeing Company.

Job Dislocation Activity

The layoff list (provided by the Reemployment Center) has been updated for third quarter and post-September 11th data. This list does not include an estimated 11,000 layoffs in the technology sector, Nordstrom job losses, expected layoffs from AT&T, expected job losses in the airport operations-related group (such as flight kitchens) or the announced Boeing layoffs (8,000 in December and more in 2002).

Boeing and Airline Industry Data

Ironically, the number of Boeing workers in Washington State rose slightly in the second quarter of 2001 to 80,000. Post-September 11th, Boeing has announced that it will decrease its workforce by at least 8,000 in December, and perhaps by another 20,000 or more in 2002. The loss of the Joint Strike Fighter contract was another blow that is expected to result in 3,000 or more additional job cuts.

Wages²

Average monthly wages in King County fell by 28.3% overall from the third quarter 2000 to third quarter 1999. The monthly average wage in FIRE, which was the highest of any sector, increased by 24.8%. Wages in retail grew fastest, at 115%. The only sectors that showed a decline in the monthly average wage in the third quarter of 2000 included Services (-45%), Wholesale (-35%), Manufacturing (-8.2%), and Mining (-5.7%). More recent data is still not available from the State of Washington.

Real Estate

Construction Permits and Home Sales

Permit statistics indicate that the dollar value of new construction has increased 53.2% for residential and 69% for non-residential construction, even though the numbers of permits have decreased between 14% and 18% compared to one year ago. Meanwhile,

¹ Taxable retail sales data lag by three to six months.

² Average monthly wage data for King County lags by as much as one year.

home sales decreased in the third quarter, compared both to the prior quarter and one year earlier. Even more significantly, prices declined.

Office Market

The big story in the Puget Sound office market continues to be the rapid growth in the amount of sublease space returned to the market by failed dot-coms. According to CB Richard Ellis, the vacancy rate in Seattle jumped to 10.5% in the first quarter of 2001, up from 6.0% earlier in the year. Overall absorption turned positive, except in the Central Business District. The average lease rate declined to \$32.37 per square feet. The vacancy rate is highest in Class C space.

On the Eastside, the vacancy rate rose to 9.3% from 5.1%. Cushman and Wakefield estimated that sublease vacancies accounted for half of the total vacancy rate in both of these major sub-markets. More than 1.9 million square feet of new office space was absorbed region-wide in the first three months of the year, due to extensive pre-leasing. Average class "A" lease rates reflected this increasing supply, falling in both Seattle and on the Eastside. The expansion of the sublease market has made many developers cautious, with a number of projects on hold for now. Approximately 4.5 million square feet of new office space remains under construction throughout the Puget Sound region. Seattle alone has more than 2 million square feet under construction, about 80% of which has been pre-leased.

Industrial Market

In Seattle's industrial market, the third quarter news is positive. Total square footage and absorption are up, lease rates remain unchanged, and vacancy rates are down. Vacancy in high-tech, flex space is zero. Even though the Seattle market is not expanding greatly, this is an interesting trend in light of opposite events in the areas outside of Seattle. The Kent Valley shows a significant increase in vacancies, especially in high-tech space, where the rate of vacancy is 7.0% in the third quarter, despite 380,000 less total space. In the Kent Valley, part of the increase in other industrial space is due to an increase by 1.6 million in total space. Industrial market activity on the Eastside shows a pattern similar to the Kent Valley, despite lower average lease rates.

Retail Market

There is no new information available. Prior quarter statistics are repeated.

Apartment Market

There is no new information available. Prior quarter statistics are repeated.

OUTPUT and INFLATION

	2000				2001	
	II	III	IV	I	II	III
Real GDP	\$9,229.4	\$9,260.1	\$9,303.9	\$9,334.5	\$9,341.7	\$9,333.4
GDP growth	\$37.6	\$30.7	\$43.8	\$30.6	\$3.90	-\$8.30
% change in GDP from previous quarter	0.4%	0.3%	0.5%	0.3%	0.04%	-0.10%
Annualized growth rate	1.6%	1.3%	1.9%	1.3%	0.2%	-0.4%
Current-dollar GDP	\$9,857.6	\$9,937.5	\$10,027.9	\$10,141.7	\$10,202.60	\$10,247.70
GDP growth	\$104.9	\$79.9	\$90.4	\$113.8	\$60.90	\$45.10
% change in GDP from previous quarter	1.1%	0.8%	0.9%	1.1%	0.8%	40.0%
Annualized growth rate	4.4%	3.3%	3.7%	4.6%	2.4%	1.8%
GDP Implicit Price Deflator	106.8	107.3	107.8	108.6	109.2	109.8
Annualized growth rate	2.7%	1.9%	1.7%	3.3%	2.2%	1.7%
Consumer Price Index (U.S.)	171.6	173.0	174.2	176.1	177.5	177.7

INTEREST RATES

	2000				2001	
	II	III	IV	I	II	III
1 yr T-Bill	5.86	5.80	5.63	4.42	3.59	2.24
3 yr T-Bond	6.56	6.16	5.63	4.64	4.43	2.49
10 yr T-Bond	6.18	5.89	5.57	5.05	5.27	3.22
20 yr T-Bond						5.42
20 yr SLG, mixed quality						5.14
30 yr T-Bond	5.98	5.80	5.69	5.44	5.70	4.60
Discount Rate	5.74	6.00	6.00	5.11	3.83	2.50
Federal Funds Rate (effective)	6.27	6.52	6.47	5.59	4.33	2.99
Prime Rate	9.25	9.50	9.50	8.62	7.34	6.00
Avg. Mortgage Rate : U.S.	7.56	7.52	7.47	7.11	7.10	7.18
30-Year Fixed Rate	8.32	8.03	7.64	7.01	7.12	7.05
Avg. Mortgage Rate : Seattle	7.58	7.67	7.55	7.06	7.08	6.93

NOTES:

GDP figures for first quarter 2001 are preliminary estimates, released August 29, 2001. Other GDP figures are revised.

Real GDP: Gross Domestic Product in (U.S. billions) 1996 dollars. GDP Price Deflator: 1996 =100.

CPI: 1982-1984=100. Price index covers all urban consumers. Quarterly CPI and Interest Rates: 3 month average.

New Home Mortgage Yield: U.S. monthly average, not seasonally adjusted. Represents effective rate on conventional loans closed by major lenders. Rate is for newly-built homes. Effective interest rate is equal to the contract interest rate plus fees and charges amortized over a ten year period. Quarterly rates calculated as three month average.

Average Mortgage Rate: Average effective rate on conventional loans with approximate term to maturity of 30 years. Data is for the Seattle Consolidated Metropolitan Statistical Area (CMSA), which includes Kitsap, Thurston, Island, King, Snohomish, and Pierce counties.

SOURCES:

GDP figures from the Bureau of Economic Analysis national accounts data (<http://www.bea.doc.gov/bea/dn/nipbt1-d.htm>).

CPI calculated by the Bureau of Labor Statistics (<http://stats.bls.gov/cpil.htm>).

National Interest Rates from the Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/G13/>).

Mortgage rates from the Federal Housing Finance Board's Monthly Interest Rate Survey (<http://www.fhfb.gov/mirs/mirs.htm>).

INDUSTRIAL MEASURES

	2000			2001			Qrt.	Annual	Prior Yr.
	II	III	IV	I	II	III			
Producers' Durable Equipment	1,089.6	1,102.3	1,099.3	1,087.7	1,044.0	1,106.0	5.9%	26.0%	-4.2%
Changes in Non-Farm Inventories	72.3	67.4	50.5	-13.1	-37.8				
Changes Non-Farm Seasonally Adj.	57.1	42.1	33.2	-27.3	-35.8	-46.9			
Real Changes in Private Inventories	78.9	51.7	42.8	-27.1	-38.3	-50.4			
Manufacturers' New Orders	1,166.4	1,144.0	1,130.6	1,098.7	1,023.9	979.2	-4.4%	-16.4%	-12.2%
Non-Defense Capital Goods Orders	193.3	195.8	195.9	183.6	189.7	170.5	-10.1%	-34.8%	-1.9%
Industrial Production	147.1	148.4	148.0	146.3	143.4	141.6	-1.3%	-4.9%	-2.5%
Capacity Utilization Rate	82.6	82.4	81.3	79.5	77.6	76.3			
Manufacturing	81.9	81.7	80.3	78.3	76.2	74.7			

NOTES:

These figures measure industrial activity for the entire U.S. economy.

Producers' Durable Equipment and Changes in Non-Farm Inventories in billions of 1996 dollars, seasonally adjusted. All figures revised retroactive to first quarter 1997. Figures for second quarter 2001 are preliminary estimates, released August 27, 2001.

Manufacturers' New Orders and Non-Defense Capital Goods Orders in billions of current dollars, seasonally adjusted. Figures for fourth quarter 2000 have been revised; figures for first quarter 2001 are preliminary estimates, released May 2, 2001.

Industrial Production: 1992 = 100, seasonally adjusted. Quarterly figures are 3 month average.

Capacity Utilization Rate for all industries includes manufacturing, mining, and utilities.

SOURCES:

Producers' Durable Equipment and Changes in Non-Farm Inventories: Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: Census Bureau (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/g17/Current/>).

Regional Economic Indicators

	2000			2001			Qtr.	Yr. Rate	Yr. Prior
	II	III	IV	I	II	III			
CPI: Western U.S.	174.0	175.9	177.2	179.2	181.2	182.1	0.5%	2.0%	3.0%
CPI: Seattle CMSA	178.4	180.3	181.8	184.0	186.3	186.8	0.3%	1.1%	3.1%
Port of Seattle									
Air freight (metric tons)	77,300	81,146	82,299	72,740	75,387	77,687	3.1%	12.8%	-5.9%
Water-borne freight (TEUs)	388,330	389,141	374,792	326,910	319,414	333,679	4.5%	19.1%	-15.8%
Air Passengers	7,363,472	8,293,678	6,661,004	6,031,490	7,390,108	7,877,876	6.6%	29.1%	-18.1%
Bankruptcies: Puget Sound	3,991	3,773	3,742	4,574	4,932	4,152	-15.8%	-49.8%	14.6%
Bankruptcies: King County	1,664	1,559	1,529	1,795	2,037	1,651	-18.9%	-56.8%	7.9%
New Businesses: Seattle	3,153	1,195	1,512	2,525	2,076	2,339	12.7%	61.1%	-19.9%
Electricity Usage: City Light	2,243,751	2,101,751	2,402,505	2,630,587	1,975,764	1,917,825	-2.9%	88.9%	17.2%

NOTES:

CPI –U: Covers all urban consumers. 1982-1984 = 100. Data for selected local areas available on a bimonthly basis since 1998.

New Business Starts consist of the total new business license accounts for the quarter.

Electrical Energy Usage in thousands of kilowatts billed.

SOURCES:

CPI: Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

Waterborne Freight and Air Traffic: Port of Seattle (<http://www.portseattle.org>).

Bankruptcies: U.S. Bankruptcy Court.

New Business Starts: Seattle Department of Licensing.

Electrical Energy Usage: Seattle City Light.

NOTES:

The figures for number of conventions and number of room nights are for all events booked at the convention center and area hotels.

Convention Information: King County

	2000				2001		Yr. Prior
	II	III	IV	I	II	III	
# Conventions/Events	151	164	139	143	164	213	29.9%
# Room Nights	161,175	149,201	144,284	160,491	172,327	101,671	-31.9%
Room Nights per Event	1,067	910	1,038	1,122	1,051	477	-47.6%

	2000				2001		
	II	III	IV	I	II	III	
Local Room Tax	\$3,459,408	\$4,558,801	\$3,156,123	\$1,865,049	\$3,256,012	\$4,167,979	-8.6%
Room Tax per Event	\$22,910	\$27,798	\$22,706	\$13,042	\$19,854	\$19,567	-29.6%
King - Sales & Use Tax YTD						\$53,995,694	

"Local Room Tax" includes Washington State hotel/motel tax distributions to Seattle-King County, exclusive of taxes collected in Bellevue. This is used as a proxy for delegate expenses. Quarterly figures indicate the months when room taxes were collected, not distributed, since distribution occurs two months after collection. For example, hotel/motel distributions for June reflect collections made in April.

SOURCES:

Number of conventions/events and number of room nights: Seattle-King County Convention and Visitors Bureau

Hotel/Motel Tax Distributions: Washington State Department of Revenue

Taxable Retail Sales

INDUSTRY	SIC	Units	City of Seattle		Units	King County	
			Q1 2001	CHANGE FROM Q1 2000		Q1 2001	CHANGE FROM Q1 2000
			Taxable Retail Sales			Taxable Retail Sales	
RETAIL TRADE	52-59	6,424	1,234,701,174	-2.5%	12,236	3,822,707,651	-1.5%
BUILDING MATERIALS/HARDWARE	52	260	58,270,284	-2.4%	525	220,532,726	1.2%
Lumber/Bldg Material	521-522	113	34,750,879	6.4%	214	131,905,868	8.9%
Paint, Glass, Wallpaper	523	40	5,144,255	18.0%	66	11,751,897	12.9%
Hardware Stores	525	56	15,242,523	-21.0%	131	60,943,960	-12.8%
Nurseries/Garden Supplies	526	51	3,132,627	-7.6%	110	14,837,833	-0.2%
Mobile Home Dealers	527				4	1,093,168	-31.5%
GENERAL MERCHANDISE	53	35	89,745,270	9.5%	74	401,693,509	5.3%
Department Stores	531	10	67,985,418	10.3%	14	235,835,771	3.9%
Variety Stores	533	9	16,339,608	4.4%	24	125,755,610	3.5%
Other General Merchandise		16	5,420,244	15.3%	36	40,102,128	22.2%
FOOD	54	487	116,818,876	5.7%	909	353,559,379	7.7%
Grocery Stores	541	348	110,916,370	6.4%	645	338,611,835	9.0%
Fruit/Vegetable/Meat	542-543	19	413,998	-46.9%	37	1,213,074	-26.6%
Candy/Nut/Confectionery	544	11	333,394	81.8%	17	360,431	54.6%
Dairy Products	545	6	136,892	-18.9%	13	515,020	17.1%
Bakeries	546	55	2,334,127	-4.5%	98	3,848,121	-5.7%
Other Food Stores		48	2,684,095	-3.2%	99	9,010,898	-19.3%
AUTO DEALERS/GAS STATIONS	55	376	207,813,735	-16.9%	977	825,386,975	-11.9%
Auto Dealers (New/Used)	551-552	98	152,960,596	-16.6%	323	672,966,938	-13.3%
Accessory Dealers	553	84	12,730,286	-3.8%	198	48,985,402	5.0%
Service Stations	554	101	11,734,433	-8.6%	302	43,757,987	-4.3%
Marine/Aircraft, etc.		93	30,388,420	-25.3%	154	59,676,648	-12.2%
APPAREL/ACCESSORIES	56	328	83,800,275	3.8%	565	224,338,145	5.5%
Clothing	561-565	208	69,318,033	0.9%	356	179,773,494	1.9%
Shoes	566	38	7,697,903	17.3%	63	20,195,480	12.9%
Other Accessories		82	6,784,339	24.1%	146	24,369,171	32.6%
FURNITURE/FURNISHINGS/EQUIP.	57	837	121,989,260	-15.1%	1,491	506,371,669	-8.9%
Furniture	571	323	43,827,486	-11.0%	614	167,841,122	-3.1%
Appliances	572	35	2,687,274	-5.9%	83	25,199,498	-16.2%
Electronics/Music Stores	573	479	75,474,500	-17.6%	794	313,331,049	-11.1%
EATING/DRINKING PLACES	58	1,752	265,499,476	2.6%	3,438	586,061,335	3.4%
MISCELLANEOUS RETAIL STORES	59	2,349	290,763,998	3.3%	4,257	704,763,913	3.4%
Drug Stores	591	46	26,482,925	1.5%	96	70,600,145	3.5%
Miscellaneous Retail Stores	594	551	96,353,974	-3.7%	1,033	250,226,023	-5.2%
Nonstore Retailers	596	331	19,538,539	-9.8%	586	57,269,478	-10.0%
Fuel/Ice	598	24	21,800,287	2.1%	40	35,226,447	4.4%
Other Retail Stores		1,397	126,588,273	12.7%	2,502	291,441,820	15.5%
SERVICES	70-89	5,097	559,696,011	3.1%	9,960	1,308,188,169	5.5%
HOTELS/MOTELS, ETC.	70	114	86,696,011	14.0%	281	180,869,140	9.9%
PERSONAL SERVICES	72	624	19,740,879	-22.6%	1,456	50,473,339	-8.4%
BUSINESS SERVICES	73	2,052	231,455,990	4.2%	3,485	511,723,617	9.8%
Computer Services	737	497	62,922,247	-1.1%	825	172,529,848	20.8%
AUTOMOTIVE REPAIR/SERVICES	75	650	103,338,188	0.7%	1,509	303,525,127	0.6%
OTHER SERVICES		1,657	118,168,160	1.4%	3,229	261,596,946	3.6%
CONTRACTING	15-17	4,928	617,181,899	6.6%	8,807	1,586,945,376	9.3%
MANUFACTURING	19-39	904	83,723,415	-2.6%	1,657	225,682,339	5.3%
TRANSPORTATION/COMM/UTILITIES	40-49	459	222,817,202	10.4%	691	511,508,659	10.0%
WHOLESALE	50-51	2,521	349,410,994	-14.0%	4,205	986,046,113	-10.1%
FINANCE/INSURANCE/REAL ESTATE	60-67	306	56,091,593	19.8%	566	139,730,880	15.1%
OTHER BUSINESS	0-14/90's	778	18,286,069	7.0%	1,544	71,490,945	9.5%
TOTAL ALL INDUSTRIES		21,417	3,141,908,367	-0.2%	39,666	8,652,300,129	1.4%

NOTES:

Quarterly taxable retail sales data released with a lag of up to 6 months. Units are number of businesses reporting taxable retail sales.

SOURCE:

Taxable Retail Sales: *Quarterly Business Review*, Department of Revenue, Washington State (<http://www.dor.wa.gov>).

Civilian Labor Force: King County

	2000				2001		From Yr. Prior
	II	III	IV	I	II	III	
Civilian Labor Force	1,032,433	1,031,933	1,042,367	1,049,067	1,042,867	1,011,500	-2.0%
Employed	999,800	996,300	1,007,833	1,006,500	996,867	962,200	-3.4%
Unemployed	32,667	35,600	34,567	42,533	46,000	49,300	38.5%
UE Rate - King Co.	3.2%	3.4%	3.3%	4.1%	4.4%	4.9%	
UE Rate - State	4.5%	4.6%	4.8%	6.1%	5.6%	6.1%	
UE Rate: U.S.	3.9%	4.0%	3.7%	4.6%	4.5%	4.9%	

	2000				2001		From Yr. Prior
	II	III	IV	I	II	III	
Initial UE Claims	7,105	4,913	5,117	6,036	9,382	11,021	124.3%
Unemployment Beneficia	18,701	17,035	17,733	18,397	23,573	21,705	27.4%

Nonagricultural Employment: Seattle PMSA

	2000				2001		From Yr. Prior
	II	III	IV	I	II	III	
Non-Ag. Total	1,407,933	1,413,100	1,427,833	1,425,367	1,448,400	1,451,800	2.7%
Goods Producing	284,467	289,267	284,133	280,933	283,867	287,600	-0.6%
Services Producing	1,123,533	1,123,833	1,143,700	1,144,433	1,164,533	1,164,200	3.6%
Mining	700	700	600	1,133	1,233	1,300	85.7%
Construction	80,367	86,033	82,333	81,533	84,300	88,900	3.3%
Manufacturing	203,333	202,533	201,200	198,267	198,333	197,400	-2.5%
Durable Goods	158,933	157,500	157,467	154,667	154,733	154,000	-2.2%

NOTES:

Civilian Labor Force consists of workers who live in the region in question. (based on household survey).

Non-Agricultural Employment consists of workers who work in the region in question. (based on establishment survey).

Unemployment Rates are not seasonally adjusted.

Seattle PMSA includes King, Snohomish, and Island Counties. The proportion of annual average total employment represented by each is approximately 83%, 16%, and 1%, respectively.

All quarterly figures are three-month averages.

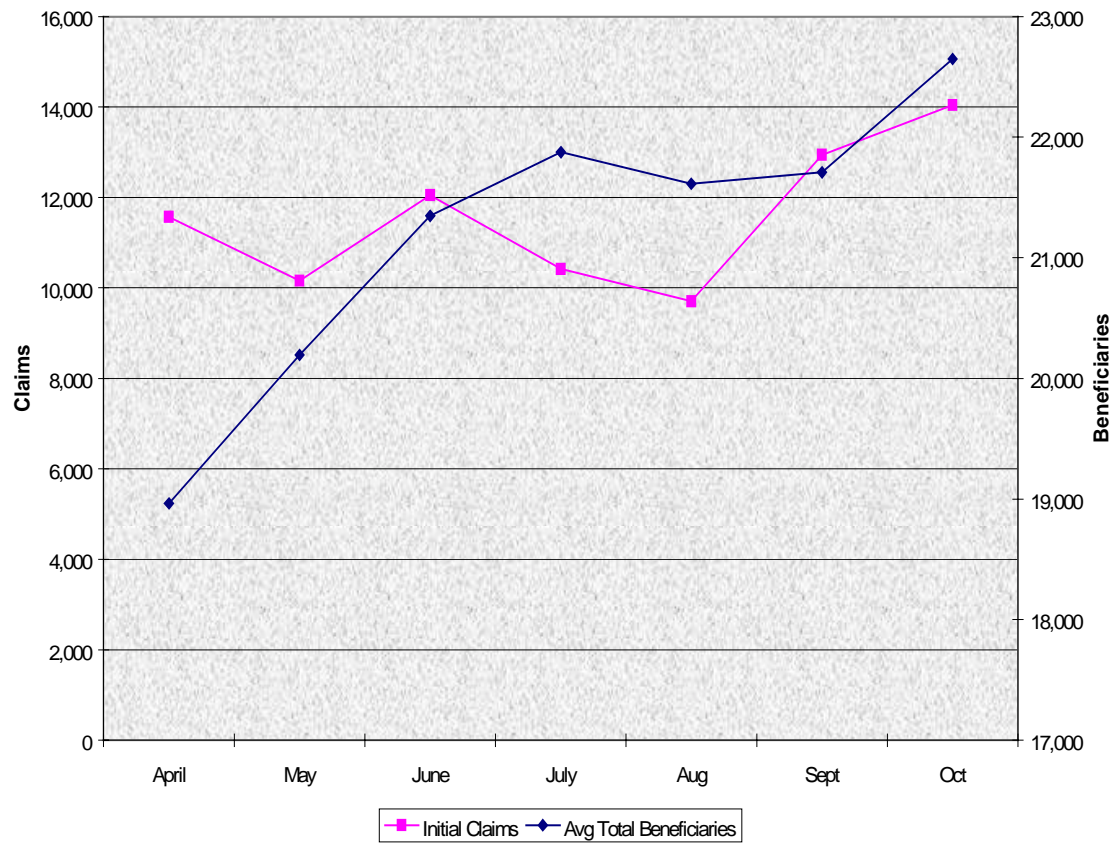
SOURCE:

Washington State Labor Area Summaries, Washington State Employment Security, Labor Market and Economic Analysis Branch.

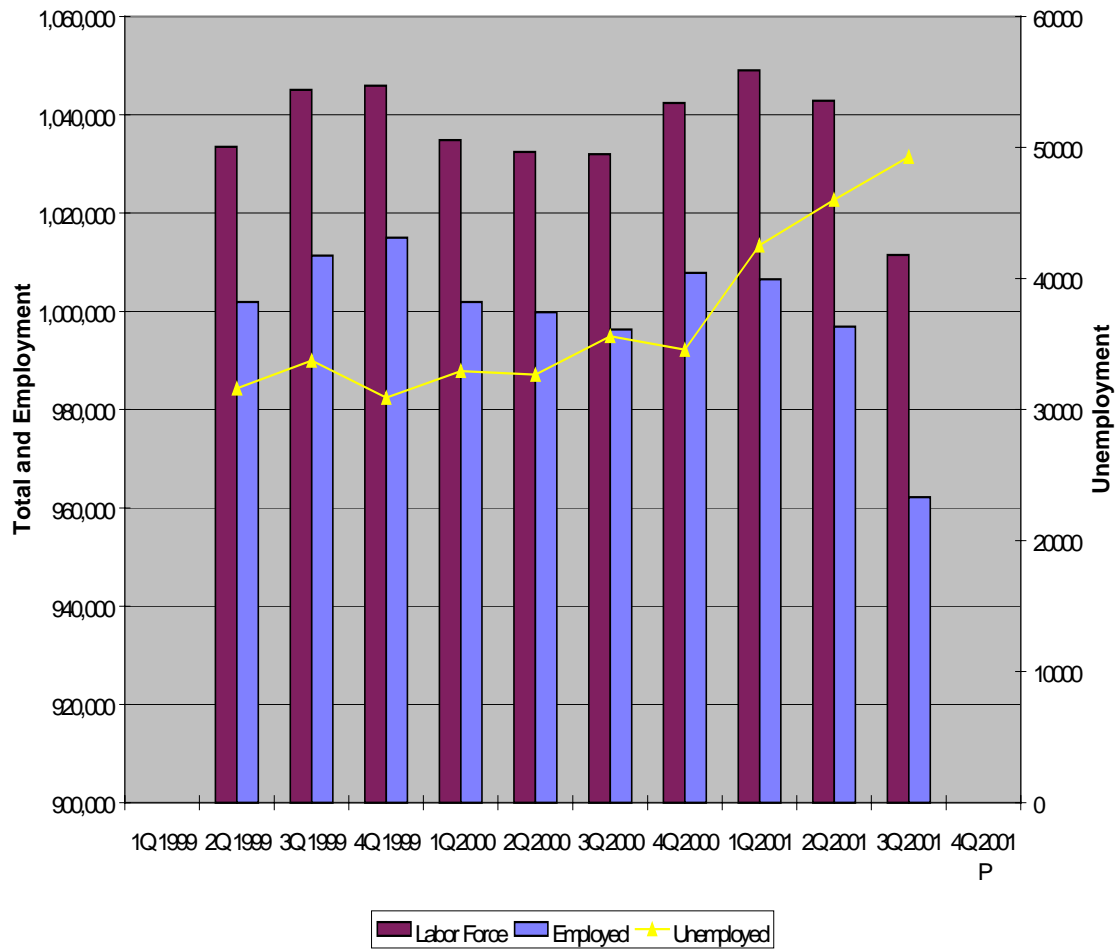
Unemployment Claims Data - 2001

Week of	Initial Claims	Total Beneficiaries
7-Apr	3,548	18,495
14-Apr	3,766	18,491
21-Apr	2,734	19,376
28-Apr	2,523	19,494
5-May	2,651	19,856
12-May	2,598	20,008
19-May	2,469	20,356
26-May	2,446	20,557
2-Jun	2,173	23,267
9-Jun	2,633	20,807
16-Jun	2,423	20,686
23-Jun	2,450	21,089
30-Jun	2,374	20,888
7-Jul	2,758	20,787
14-Jul	2,839	20,951
21-Jul	2,452	21,167
28-Jul	2,369	24,599
4-Aug	2,697	21,432
11-Aug	2,312	21,500
18-Aug	2,373	21,732
25-Aug	2,323	21,792
1-Sep	2,549	21,869
8-Sep	2,433	21,692
15-Sep	2,296	21,626
22-Sep	2,675	21,517
29-Sep	2,988	21,565
6-Oct	3,413	21,705
13-Oct	3,921	22,153
20-Oct	3,225	22,779
27-Oct	3,485	23,956
3-Nov	3,457	24,810
Average	2,753	21,323

King County Unemployment 2001



King County Labor Force



Seattle-King County Dislocation Activity
January - October 2001

Company	Location	Occupation	No. of Workers
Amazon.com	Seattle	Distribution, customer service, sales & support	796
Convergys	Kirkland	Computer technical support	350
Ticketmaster, LLC	Seattle	Customer service, sales & support	270
Spiegel Group (Eddie Bauer)	Redmond	Information services	194
Verizon Wireless	Bellevue	Marketing, sales, finance, training & HR	174
HomeBase	Renton & Kirkland	Retail sales	162
Lowestfare.com	Kent	Customer service, sales & support	154
Derby Cycle	Kent	Bicycle manufacturing	152
Fisher Mills	Seattle	Flour milling	108
Mercata	Bellevue	Software, finance, marketing & administration	107
Atomfilms.com	Seattle	Internet entertainment - production & distribution	86
Hawarth	Kent	Office furniture production	85
Longs Drug Stores	Kent & Seattle	Retail sales	70
Resers Fine Foods	Kent	Food production	68
AT&T Broadband	Kent	Cable network technicians	68
Stars Restaurant	Seattle	Food & beverage	63
ETMA	Redmond	Electronics manufacturing	60
Xantrex	Kent	Electronics manufacturing	45
TTM Technology	Redmond	Electronics manufacturing	40
Activate.net	Seattle	Webcast operations & technicians	30
Office Depot		Retail sales	30
Winstar	Tukwila & Seattle	Internet business support	20
Haworth	Kent	Office furniture production	189
Intel Online Service	Seattle	Computer technical support	60
eFunds Corporation	Bothell	Customer service, sales & support	240
Gottschalks	Seattle	Retail sales	40
Webvan Group, Inc	Kirkland	Customer service, sales & support	189
Airborne Express	Seattle	Package distribution	82
Associated Grocers	Kent	Distribution	138
Western Cartage	Seattle	Local moving & Storage	35
Govt. Computer Group Inc.	Issaquah	Computer Support	60
United Advertising Publications	Bothell	Advertising, Publishing & office support	62
MacDonald-Miller	Seattle	Building maintenance	41
360Networks	Seattle	Computer Support	40
Great West Life Insurance	Bellevue	Customer service & claims adjusters	51
DMC Stratex Networks	Seattle	Circuit board production	229
Onvia.com	Seattle	E-commerce & support	62
Data Critical	Seattle & Bothell	Wireless data systems	78
USAA	Federal Way	Claims Reps	26
Applied Microsystems	Redmond	Computer Software	82
McGraw Hill	Kirkland	Publishing	40
Lowe's Hardware Inc.	Kent - Auburn	Distribution	68
Northwest Airlines	SeaTac Airport	Flight and Ground Operations	100
American Airlines	SeaTac Airport	Flight and Ground Operations	70
General Dynamics	Redmond	Management and Admin.	40
Lowestfare.com	Kent	Customer Service, Sales, Support	28
Genie Industries	Redmond	Production - Construction Lifts	350
REI	Kent	Customer Service, Sales, Support	35
Interland, inc.	Bellevue	Web-site Support	136
Distribution Auto Service	Seattle	Auto Services	62
Media Passage, Inc.	Seattle	Advertising, Publishing & office support	109
Regence Blue Shield	Seattle	Customer Service and Claims Adjusters	70
2000	45 Companies/Employers		7,294 Dislocated Workers
2001 through July	38 Companies/Employers		4,728 Dislocated Workers
2001 through Oct. 15th	52 Companies/Employers		5,944 Dislocated Workers
Post Sept. 11th, 2001	10 Companies/Employers		1,000 Dislocated Workers

Continued from prior page

SOURCE: King County Reemployment Support Center

*The 2001 numbers include rapid response and reemployment services lists. It does not include small scale layoffs, more than 11,000 identified layoffs in the information, technology sector, or the "announced layoffs" of the Boeing Company that have not yet taken effect. The Boeing Company layoffs in the Seattle-King County MSA could total 8,000 in December and between 10,000, and 25,000 more in 2002. Flight kitchens (est. 300), Nordstrom (250 corporate office), and hotel industry layoff figures are also not included in the above list. Genie Industry figures are understated; more layoffs will be taking effect.

** The Reemployment Center estimates that hundreds of layoffs are welfare-to-work (Workfirst) clients and recent immigrants that will not qualify for UE benefits.

Boeing Employees in Washington State

1990	1991	1992	1993	1994		
104,515	104,700	98,603	88,890	81,964		
1995	1996	1997	1998	1999		
71,834	87,769	103,400	98,440	80,900		
2000 II	2000 III	2000 IV	2000 I	2001 II	2001 III	
77,200	77,300	77,900	78,400	79,500	80,000	

NOTES:

For quarterly totals, data reflects the number of employees at the end of the quarter. Boeing employees in Washington state represent approximately 40 percent of the company's U.S.-based workforce (including contingent labor and those employed by subsidiaries).

SOURCE:

The Boeing Company (<http://www.boeing.com>)

Boeing Contractual Backlogs

	2000 II	2000 III	2000 IV	2001 I	2001 II	2001 III	12 mos.
Commercial Airplanes	77.1	82.8	89.8	88.6	86.9	82.7	-0.12%
Military Aircraft and Missiles	18.8	19.1	17.1	20.4	19.9	17.8	-6.81%
Space and Communications	9.1	9.2	13.7	15.1	14.2	13.7	48.91%
Total	105.0	111.1	120.6	124.1	121	114.2	2.79%

In billions of dollars

Figures as of the end of the final month of the quarter

NOTES:

Boeing contractual backlogs in billions of U.S. dollars.

SOURCE:

The Boeing Company (<http://www.boeing.com>)

U.S. Airlines Net Profit

1995	1996	1997	1998	1999	2000
2,314	2,804	5,168	4,903	5,360	2,637

NOTES:

U.S. airlines net profit in millions of U.S. dollars.

ATA member airlines transport over 95 percent of all passengers and cargo traffic in the United States.

SOURCE:

Air Transport Association *Annual Report 2000* (www.air-transport.org)

Per Capital Wealth Measures

	2000		2001		
	III	IV	I	II	III
Per Capita Disposable Income (U.S.)	\$23,732	\$23,703	\$23,871	\$24,203	\$24,880
Per Capital GDP (U.S.)			\$33,697	\$33,646	\$33,538

Monthly Average Wage by Industry: King County

	1999		2000		
	III	IV	I	II	III
Overall Average	\$3,844	\$4,205	\$2,421	\$2,399	\$2,785
Agriculture, Forestry, Fishing	\$2,385	\$2,873	\$3,606	\$3,675	\$3,716
Mining	\$3,726	\$4,497	\$3,512	\$3,537	\$3,515
Construction	\$3,429	\$3,771	\$4,721	\$4,440	\$4,238
Manufacturing	\$4,248	\$4,508	\$4,552	\$4,132	\$3,902
Transportation and Public Utilities	\$3,605	\$4,348	\$4,369	\$4,197	\$4,089
Wholesale Trade	\$3,880	\$4,231	\$2,191	\$2,091	\$2,133
Retail Trade	\$1,936	\$2,121	\$4,653	\$4,178	\$4,191
FIRE	\$3,888	\$4,148	\$5,828	\$4,105	\$4,852
Services	\$5,085	\$5,655	\$3,169	\$3,289	\$3,305
Government	\$3,238	\$3,314	\$4,337	\$3,679	\$3,879

NOTES:

Per Capita Disposable Personal Income: Values are in 1996 dollars at seasonally adjusted annual rates. Data is from the revised National Income and Products Accounts newly benchmarked to first quarter 1997. Earlier reports using 1992 figures are not comparable.

Wages: Average of monthly wages per worker by industry. Figures are lagged six months or more due to reporting delays.

SOURCES:

Per Capita Disposable Income comes from the U.S. Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/nipubl-d.html>).

Wages: *Employment and Payrolls in Washington State by County and Industry* (Washington State Employment Security).

Construction

City of Seattle

	2000				2001	Yr. Prior
	III	IV	I	II	III	
Residential Construction	\$155,362,148	\$167,606,530	\$159,559,639	\$195,472,510	238,068,114	53.2%
Non-Residential Construction	\$170,001,242	\$271,588,587	\$112,953,579	\$245,186,180	\$287,316,117	69.0%
Building Permits						
Commercial and Industrial	801	646	649	751	658	-17.9%
Existing Housing Units	733	509	516	793	841	14.7%
New Residential Permits	178	135	171	167	152	-14.6%
New Residential Units	1,411	1,743	1,574	1,473	1,160	-17.8%

King County

	2000			2001		
	III	IV	I	II	III	
Home Sales: New & Existing						
# of Sales	6,863	5,501	4,875	5,542	2,270	Yr. Prior
Days on Market	38	43	48	46	44	-66.9%
Average Sales Price	\$316,969	\$312,062	\$309,152	\$313,258	\$303,979	14.8%
Median Sales Price	\$249,442	\$250,084	\$251,633	\$256,633	\$247,342	-4.1%
						-0.8%
Home Sales: New Construction						
# of Sales	750	681	805	867	n/a	
Days on Market	78	82	95	98	n/a	
Average Sales Price	\$393,089	\$386,709	\$370,888	\$379,109	n/a	

SOURCES:

City of Seattle Department of Construction and Land Use, *Issued Building Development Permits* (monthly reports).
Home sales figures provided by the Northwest Multiple Listing Service.

Office Market

Downtown Seattle

	2000			2001		
	III	IV	I	II	III	CBD
Total Square Feet	30,158,092	30,893,103	32,115,309	32,226,593	32,743,869	17,660,676
No. of Buildings	232	235	248	250	252	71
Vacant Square Feet	376,976	1,340,761	1,146,517	3,090,530	3,425,009	1,700,723
Vacancy Rates	1.3%	4.3%	6.0%	9.6%	10.5%	9.6%
Under Construction (sq. ft.)	2,386,078	2,882,498	2,038,945	2,322,959	2,055,515	829,980
Absorption (sq. ft.)	1,191,599	-446,054	577,242	-1,113,176	170,870	-21,396

Avg. Lease Rate (per sq.ft.)

Class A	\$38.68	\$39.09	\$37.37	\$33.72	\$32.37	n.a.
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Vacancy Rate

Class A	0.9%	3.6%	5.6%	8.6%	9.0%	7.6%
Class B	3.5%	3.4%	4.9%	8.8%	20.0%	11.3%
Class C	1.6%	12.3%	11.8%	19.6%	22.5%	27.4%

North King County

	2000			2001		
	II	III	IV	I	II	III
Total Square Feet	1,031,305	1,181,375	1,121,975	1,121,975	1,121,975	1,188,475
No. of Buildings	-	-	-	-	-	-
Vacant Square Feet	25,061	9,924	14,922	29,845	51,274	90,681
Vacancy Rates	2.4%	0.8%	1.3%	2.7%	4.6%	7.6%

NOTES:

"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

"North King County" consists of the area north of the Ship Canal up to the King County line.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Office Market

Bellevue/Eastside

	2000			2001		
	II	III	IV	I	II	III
Total Square Feet	20,978,237	21,043,099	21,738,499	23,288,279	24,482,923	24,623,464
No. of Buildings	346	342	349	362	369	374
Vacant Square Feet	144,750	162,032	843,454	1,197,018	2,284,257	2,760,290
Vacancy Rates	0.7%	0.8%	3.9%	5.1%	9.3%	11.2%
Under Construction (sq. ft.)	3,424,391	4,459,961	4,287,561	2,456,774	1,708,189	2,459,387
Absorption (sq. ft.)	1,328,570	50,861	-5,617	1,196,263	-323,890	-321,233

Avg. Lease Rate (per sq.ft.)

Class A	\$31.73	\$28.53	\$31.06	\$30.82	\$29.80	\$25.50
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Vacancy Rate

Class A	0.5%	0.6%	3.7%	5.2%	9.9%	12.0%
Class B	1.5%	1.5%	4.9%	5.2%	7.1%	8.0%
Class C	0.1%	0.4%	1.1%	3.3%	7.5%	8.2%

South King County

	2000			2001		
	II	III	IV	I	II	III
Total Square Feet	7,476,563	7,940,060	8,062,272	8,258,539	8,311,782	8,428,909
Vacant Square Feet	868,029	983,773	861,051	967,901	886,867	987,868
Vacancy Rates	11.6%	12.4%	10.7%	11.7%	10.7%	11.7%
Under Construction (sq. ft.)	0	240,000	291,168	326,168	336,838	312,790
Absorption (sq. ft.)	-345,004	347,744	264,058	72,629	27,149	-152,366
Ave. Class A Lease Rate	\$22.09	\$21.19	\$22.35	\$22.44	\$22.25	\$22.50

NOTES: The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Seattle Industrial Market

	2000			2001		
	II	III	IV	I	II	III
Total Square Footage	70,789,899	70,654,233	70,658,396	70,137,979	68,658,399	68,724,244
Industrial	69,668,790	69,805,046	69,884,492	69,364,075	68,366,319	68,432,164
High-Tech	1,121,109	849,187	773,904	773,904	292,080	292,080
Vacancy Rate	3.3%	3.1%	2.8%	3.0%	2.6%	1.3%
Industrial	3.3%	3.2%	2.8%	3.1%	2.6%	1.3%
High-Tech	0.2%	0.6%	0.8%	0.7%	1.0%	0.0%
Total Vacant (sq. ft.)	2,314,798	2,217,915	1,984,155	2,127,803	1,766,772	1,766,772
Industrial	2,313,004	2,212,820	1,977,731	2,122,541	1,763,851	1,763,851
High-Tech	1,794	5,095	6,423	5,263	2,921	0
Lease Rates (per sq. ft./mo.)						
Industrial	\$0.45	\$0.45	\$0.55	\$0.55	\$0.60	\$0.60
High-Tech	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85	\$0.85
Absorption (sq. ft.)	-884,249	360,341	613,922	160,483	191,195	955,228

"Seattle Close-In" stretches from the King/Snohomish line south to Tukwila.

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Kent Valley Industrial Market

	2000			2001		
	II	III	IV	I	II	III
Total Square Footage	87,845,764	88,757,625	88,746,576	90,263,823	90,530,559	91,501,399
Industrial	86,085,950	86,867,889	86,856,840	88,374,087	88,640,823	89,993,022
High-Tech	1,759,814	1,889,736	1,889,736	1,889,736	1,889,736	1,508,377
Vacancy Rate	2.7%	2.5%	1.7%	4.0%	4.3%	5.3%
Industrial	2.5%	2.5%	1.7%	4.1%	4.4%	5.3%
High-Tech	11.5%	2.1%	2.3%	2.1%	1.5%	7.0%
Total Vacant (sq. ft.)	2,354,175	2,185,699	1,529,472	3,627,483	3,919,111	4,831,274
Industrial	2,152,149	2,145,637	1,485,252	3,587,988	3,891,332	4,724,634
High-Tech	202,027	40,062	44,220	39,495	27,779	106,640
Lease Rates (per sq. ft./mo.)						
Industrial	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
High-Tech	\$0.95	\$0.95	\$0.95	\$0.95	\$0.95	\$0.95
Absorption (sq. ft.)	2,852,798	828,003	666,108	-123,653	-146,612	-780,503

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and SeaTac.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Eastside Industrial Market

	2000			2001		
	II	III	IV	I	II	III
Total Square Footage	20,676,427	20,745,452	20,775,452	20,775,452	20,852,546	21,044,230
Industrial	16,023,596	16,038,621	16,068,621	16,068,621	16,138,397	16,312,788
High-Tech	4,652,831	4,706,831	4,706,831	4,706,831	4,714,149	4,731,442
Vacancy Rate	2.5%	3.4%	2.4%	5.4%	5.5%	6.9%
Industrial	2.6%	3.8%	2.6%	5.6%	5.7%	7.0%
High-Tech	2.3%	2.0%	1.7%	4.5%	4.6%	6.8%
Total Vacant (sq. ft.)	523,163	702,942	503,092	1,110,904	1,143,195	1,456,261
Industrial	416,613	607,864	422,605	901,450	926,344	1,145,158
High-Tech	106,550	95,078	80,487	209,454	216,851	319,372
Lease Rates (per sq. ft./mo.)						
Industrial	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.55
High-Tech	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.25
Absorption (sq. ft.)	425,726	-109,932	228,767	-607,828	4,143	-309,191

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Eastside" consists of the east side of Lake Washington, King/Snohomish County Line south to Renton City Limits.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Retail Market

Puget Sound Region	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Footage	60,597,201	61,220,255	58,612,098	31,993,308	32,333,318
Total Vacant	3,387,384	3,336,504	2,075,247	857,421	911,800
Vacancy Rates	5.6%	5.5%	3.5%	2.7%	2.82%
Absorption (sf)	561,033	72,711	1,773,500	592,865	-84,782

Puget Sound consists of the downtown Seattle, Northend, Southend, and Eastside markets.

Downtown Seattle	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	4,558,469	4,816,804	5,462,959	1,889,290	1,864,290
Total Vacant	131,740	148,839	87,407	29,095	31,693
Vacancy Rates	2.9%	3.1%	1.6%	1.5%	1.7%
Rental Rates	\$26.29	\$38.31	\$34.07	\$33.12	\$35.74
Absorption (sf)	8,243	64,233	754,254	-304	-47,653

The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade.

Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.

Northend	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	15,803,346	15,847,347	12,934,821	7,884,471	7,884,471
Total Vacant	933,978	1,044,340	433,317	199,477	268,072
Vacancy Rates	5.9%	6.6%	3.4%	2.5%	3.4%
Rental Rates	\$11.19	\$16.03	\$17.61	\$23.68	\$24.52
Absorption (sf)	12,752	51,709	558,742	384,143	-69,048

Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.

Southend	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	27,894,915	28,293,688	27,313,703	14,064,127	13,954,127
Total Vacant	1,860,591	1,621,228	1,188,146	443,020	470,254
Vacancy Rates	6.7%	5.7%	4.4%	3.2%	3.4%
Rental Rates	\$15.07	\$19.07	\$15.60	\$18.15	\$18.16
Absorption (sf)	265,823	98,239	11,230	196,318	-27,453

"Southend" is South Seattle through Pierce and Thurston Counties.

Bellevue/Eastside	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Total Rentable Sq. Ft.	12,340,471	12,262,416	12,900,615	8,155,420	8,630,430
Total Vacant	457,831	521,153	366,377	185,944	146,717
Vacancy Rates	3.7%	4.3%	2.8%	2.3%	1.7%
Rental Rates	\$19.92	\$21.21	\$22.50	\$23.97	\$26.85
Absorption (sf)	274,215	-141,470	449,274	12,708	59,372

All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island

NOTES: As of Second Half 2000, CB Richard Ellis no longer tracks Freestanding or Strip/Specialty Centers in the region and has reduced the number of buildings in other categories to reflect a more accurate market sample. As a result, Second Half 2000 figures are not strictly comparable to earlier data.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Apartment Vacancy Rates

	1999		2000		2001
	First Half	Second Half	First Half	Second Half	First Half
Seattle/North King County	2.3%	3.4%	2.2%	3.1%	3.1%
Capitol Hill/Eastlake	1.1%	0.5%	0.0%	-	-
Central District	2.2%	5.3%	0.0%	-	-
Downtown/First Hill	2.2%	3.7%	2.7%	2.5%	2.5%
Magnolia/Queen Anne	2.5%	4.2%	2.4%	-	-
North Seattle	1.1%	3.0%	1.2%	2.4%	2.1%
Sandpoint	1.8%	2.6%	0.0%	-	-
South Seattle	3.2%	-	-	-	-
University District	2.7%	1.5%	0.8%	-	-
West Seattle	3.2%	3.2%	1.5%	3.7%	3.7%
South King County	3.0%	3.6%	1.9%	3.0%	3.1%
Auburn	4.4%	4.7%	1.7%	2.8%	2.8%
Burien/Des Moines	3.0%	1.9%	2.9%	2.7%	2.2%
Federal Way	3.2%	6.2%	1.9%	3.0%	3.3%
Kent	2.1%	3.4%	1.8%	2.7%	3.1%
Renton	3.5%	2.4%	2.0%	4.3%	3.7%
Sea-Tac/Tukwila	3.0%	3.4%	1.6%	2.3%	2.1%
East King County	2.7%	5.2%	2.3%	4.4%	4.1%
Bellevue	2.4%	5.6%	2.5%	4.6%	3.9%
Bothell/Woodinville	2.8%	4.8%	4.4%	4.9%	4.7%
Issaquah/North Bend	3.1%	3.8%	2.0%	4.6%	5.2%
Kirkland	3.8%	3.4%	1.0%	4.4%	3.0%
Redmond	2.1%	6.1%	1.3%	4.6%	4.1%
Snohomish County	3.8%	4.2%	3.2%	4.5%	4.7%
Edmonds	2.4%	1.9%	2.6%	5.2%	5.2%
Everett	2.9%	5.3%	4.1%	6.3%	7.0%
Lynnwood	2.8%	3.9%	2.2%	3.4%	3.4%
Marysville	7.7%	6.3%	1.7%	-	-
Mountlake Terrace	4.1%	3.2%	2.0%	2.4%	5.2%
Pierce County	3.2%	5.1%	4.1%	3.7%	3.6%
Fircrest	3.6%	3.5%	3.2%	2.5%	1.9%
Gig Harbor	4.5%	8.5%	0.6%	5.4%	-
Lakewood	3.3%	4.9%	3.3%	4.3%	3.9%
Puyallup	3.3%	4.8%	5.6%	5.2%	5.1%
Tacoma	2.7%	6.1%	3.4%	2.4%	2.5%

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Sources for Quarterly Economic Measures

AIR TRANSPORT ASSOCIATION is the source for airline industry profits. Their World Wide Web address is <http://www.air-transport.org/>.

BOEING is the source for Boeing employment and for their backlog of airplane orders. Their World Wide Web address is <http://www.boeing.com/>.

CB RICHARD ELLIS provides quarterly reports on the office and industrial real estate markets. Retail and apartment markets are profiled twice yearly.

CITY OF SEATTLE DEPARTMENT OF DESIGN, CONSTRUCTION AND LAND USE now posts its monthly *Issued Building Development Permits* report on the web at <http://www.ci.seattle.wa.us/dclu/Research/PermitStats/ibdpindx.htm>.

FEDERAL HOUSING FINANCE BOARD is the source for the national new home mortgage yield. Their web address is <http://www.fhfb.gov/mirs.htm>. FREDDIE MAC also provides mortgage rate data in its monthly *Primary Mortgage Market Survey* at <http://www.freddiemac.com/pmms/>.

FEDERAL RESERVE is the source for interest rates, as well as industrial production and capacity utilization figures. Their World Wide Web address is <http://www.bog.frb.fed.us/releases/H15/>.

KING COUNTY REEMPLOYMENT SUPPORT CENTER is a core program of the Worker Center and is the source for worker dislocation statistics.

PORT OF SEATTLE is the source for data on air and waterborne freight shipments and passenger traffic.

The Washington State Department of Revenue publishes QUARTERLY BUSINESS REVIEW. This report lists the amount of taxable retail sales by industry by county. The data has a lag of around six months.

SEATTLE CITY LIGHT tabulates electrical sales in its monthly revenue report.

SEATTLE DEPARTMENT OF REVENUE is the source for new business licenses issued.

SEATTLE-KING COUNTY CONVENTION AND VISITORS BUREAU provides monthly updates on convention activity locally.

U.S. BANKRUPTCY COURT tracks the number and type of bankruptcies in Western Washington.

U.S. BUREAU OF ECONOMIC ANALYSIS is the source for many of the national economic measures. Their web site is <http://www.bea.doc.gov>.

U.S. CENSUS BUREAU is the source for manufacturers' new orders and non-defense capital goods orders. Their web site is <http://www.census.gov/indicator/www/table5p.txt>.

WASHINGTON STATE DEPARTMENT OF REVENUE publishes *Local Sales and Use Tax Distributions* every two months on the web at <http://dor.wa.gov/>.

WASHINGTON STATE EMPLOYMENT SECURITY publishes *Labor Area Summaries* and *Employment and Payrolls*, which provide data on employment and unemployment, as well as information on wages and prices.